

**THE STATE OF NEW HAMPSHIRE**  
**PUBLIC UTILITIES COMMISSION**

**DE 06-134**

**ORDER OF NOTICE**

On May 18, 2007, Public Service Company of New Hampshire (PSNH) filed with the Commission a petition along with supporting testimony and schedules requesting a mid-term adjustment to its Stranded Cost Recovery Charge (SCRC) effective July 1 through December 31, 2007. The company requests the Commission approve an increase in the SCRC rate from the current 1.30 cents per kilowatt-hour (kWh) to 1.44 cents per kilowatt hour to be applied with bills-rendered on and after July 1, 2007. The Commission approved the current overall average SCRC rate of 1.30 cents per kWh for the period January 1 through December 31, 2007 in Order No. 24,712 (December 15, 2006). In response to a discussion with Staff, PSNH filed supplemental testimony on May 25, 2007.

The SCRC recovery mechanism was established pursuant to the Agreement to Settle PSNH Restructuring in Docket No. DE 99-099. See *Public Service Company of New Hampshire Proposed Restructuring Settlement Agreement*, 85 NH PUC 536 (2000). Pursuant to the restructuring settlement agreement, PSNH's stranded costs were categorized into three different parts—Parts 1, 2 and 3. Part 1 costs are defined as stranded costs which have been securitized through the issuance of rate reduction bonds. Part 2 costs include “ongoing” costs consisting of the over-market value of energy purchases from independent power producers (IPP) and the up-front payments made for IPP buy-downs and buyouts previously approved by the Commission, and PSNH's share of the present value of the savings associated with these buy-downs and buy-

out transactions. Part 3 non-securitized costs consist of costs previously deferred as regulatory assets on the books of PSNH. Once Part 3 stranded costs are paid off, the restructuring settlement agreement states that the SCRC will be set on a forecasted basis every six months and will include any over- or under-recovery of Part 1 and Part 2 stranded costs from the previous period.

In its petition, PSNH states that Part 3 stranded costs have been fully recovered. Further, PSNH indicates that since December 2006 market prices have decreased, resulting in an increase in the above market portion of the IPP valuation. According to PSNH, this change has increased SCRC costs over the costs forecasted in December 2006, resulting in a projected under-recovery of SCRC costs of \$6.0 million for calendar year 2007. According to the filing, the total IPP costs for the period will not change so any increase in the above-market portion of IPP costs that increases the SCRC rate will have a corresponding decrease in PSNH's Energy Service rate.

In proposing the stranded cost prices to be charged to each customer class, PSNH applied the SCRC costs on a proportionally equal basis to achieve the new retail average rate, consistent with the rate design recommended in PSNH's delivery service rate case settlement agreement. *See* Docket No. 06-028, *Public Service Company of New Hampshire*, Order No. 24,750 (May 25, 2007). According to PSNH, its proposal for stranded cost rates will maintain the current interclass revenue responsibility while shifting some stranded cost recovery from the Rate GV demand charge to the Rate GV energy charge as recommended in the delivery service rate case settlement agreement. Further, PSNH states that there is no significant bill impact of this shifting as offsetting rate design changes were proposed for distribution rates in its delivery service rate case. PSNH's May 25, 2007 supplemental testimony provides further information

regarding the proposed changes from the SCRC rates currently in effect as well as a further explanation of how the proposed rates were calculated.

The filing raises, inter alia, issues related to whether PSNH's calculations and estimates of costs and revenues are reasonable, whether the resulting rates are just and reasonable as required by N.H. RSA 378:5 and 8, and whether PSNH should apply the rates on a bills-rendered basis. Each party has the right to have an attorney represent them at their own expense.

**Based upon the foregoing, it is hereby**

**ORDERED**, that pursuant to N.H. Admin. Rules Puc 203.09(j), a Technical Session will be held on June 7, 2007 at 9:00 a.m. at the Commission's office located at 21 S. Fruit St., Suite 10, Concord, New Hampshire to review the petition, allow PSNH to provide any amendments or updates to its filing, and permit discovery by Staff and intervenors; and it is

**FURTHER ORDERED**, that a Hearing pursuant to N.H. Admin. Rules Puc 203.12, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 21, 2007 at 9:00 a.m.; and it is

**FURTHER ORDERED**, that pursuant to N.H. Admin. Rules Puc 203.12, PSNH shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than June 5, 2007, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before June 21, 2007; and it is

**FURTHER ORDERED**, that pursuant to N.H. Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to PSNH and the Office of the Consumer Advocate on or before June 19, 2007, such Petition stating the facts demonstrating how its rights, duties, privileges,

immunities or other substantial interest may be affected by the proceeding, as required by N.H. Admin. Rule Puc 203.17 and RSA 541-A:32,I(b); and it is

**FURTHER ORDERED**, that any party objecting to a Petition to Intervene make said Objection on or before June 21, 2007.

By order of the Public Utilities Commission of New Hampshire this thirty-first day of May, 2007.

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Debra A. Howland  
Executive Director & Secretary

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled